

STATE OF CALIFORNIA



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December 16, 1983

TO COUNTY ASSESSORS:

QUESTIONS AND ANSWERS REGARDING SUPPLEMENTAL ASSESSMENTS

Here is the second letter in our series on supplemental assessments under Senate Bill 813 and Assembly Bill 399.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
AL-12-1387A

- QUESTION 1: When property under construction transfers, is the new owner/builder eligible for the exclusion under Section 75.12? *
- ANSWER 1: Upon application, the new owner/builder could receive the exclusion. However, there would be a supplemental assessment for the change in ownership, including the construction completed to date of transfer, and the new owner would have to apply for exclusion prior to beginning any construction.
- QUESTION 2: Would a developer be eligible for exclusion in regard to the street improvements (e.g., sewer lines, grading, paving, sidewalks, etc.) that he puts on his own land?
- ANSWER 2: Section 75.12 excludes any newly constructed real property if the property is held for sale. So long as the developer applies prior to commencement of construction, the exclusion under this section would apply.
- QUESTION 3: If a builder properly applies for and receives the exclusion under Section 75.12 and subsequently uses the property in contradiction to the section, how would the property be handled for purposes of supplemental assessment?
- ANSWER 3: The new construction would be appraised at its new base-year value as of the date of completion of new construction, and it would be enrolled on the supplemental roll as of the date the contradictory use commenced. For example, if the new construction was completed in June of 1984 and then occupied by the owner in February of 1985, the property would be subject to supplemental assessment for four-twelfths of the 1984-85 fiscal year.
- QUESTION 4: What should happen when, in 1988, you find a change in ownership that occurred in August of 1985?
- ANSWER 4: There would be an escape assessment entered on the supplemental roll for the 1985-86 supplemental assessment, and there would be an escape assessment on the regular roll for the appropriate number of years (i.e., four years if a recorded transfer and eight years if unrecorded).

* Unless otherwise indicated, all references are to the Revenue and Taxation Code.

QUESTION 11: A property with a March 1, 1983 roll value of \$50,000 sells April 15, 1983 (before the effective date of SB 813) for \$100,000 and then sells again in August of 1983 for \$120,000. How would the supplemental assessment be calculated?

ANSWER 11: Assuming the sale price of \$120,000 was representative of market value, that would become the new base-year value. From that amount you would subtract the taxable value on the current roll (i.e., \$50,000) yielding a supplemental assessment of \$70,000. The interim sale for \$100,000 would not come into play since that transaction was not subject to a supplemental assessment. The supplemental roll legislation is not applicable before July 1, 1983.